

TOWN OF SALINA, OKLAHOMA

FINANCIAL STATEMENTS

JUNE 30, 2021

HOOD & ASSOCIATES CPA'S, PC

CERTIFIED PUBLIC ACCOUNTANTS

CLAREMORE, OKLAHOMA

**TOWN OF SALINA
TABLE OF CONTENTS
FINANCIAL STATEMENTS
JUNE 30, 2021**

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	3
Statement of Net position (Statement 1)	14
Statement of Activities (Statement 2)	15
Balance Sheet, Governmental Funds (Statement 3)	17
Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds (Statement 4)	18
Statement of Net Position, Proprietary Fund (Statement 5)	20
Statement of Revenues, Expenses and Changes in Net Position, Proprietary Fund (Statement 6)	21
Statement of Cash Flows, Proprietary Fund (Statement 7)	22
Notes to Basic Financial Statements - Table of Contents	23
Notes to Basic Financial Statements	24
Required Supplementary Information	43
Budgetary Comparison Schedule, General Fund	44
Other Supplementary Information	45
Combining Balance Sheet - Non-Major Governmental Funds	46
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Governmental Funds	47
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Performed in Accordance with <i>Government Auditing Standards</i>	48
Schedule of Findings and Questioned Costs – Current year for the Year Ended June 30, 2021	50
Schedule of Findings and Questioned Costs – Prior year For the Year Ended June 30, 2020	51



Independent Auditor's Report

Board of Trustees
Town of Salina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Salina as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Salina, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Salina's basic financial statements. The introductory section, combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual non-major fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2022, on our consideration of the Town of Salina internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Salina internal control over financial reporting and compliance.



Hood & Associates CPAs, PC

September 30, 2022

TOWN OF SALINA, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
JUNE 30, 2021

The discussion and analysis of the Town of Salina's financial performance provides an overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2021. It should be read in conjunction with the accompanying basic financial statements. This discussion includes the Salina Public Works Authority, a component unit of the Town.

WHO WE ARE

As of June 30, 2021, the mayor, council members, clerk and treasurer, all of whom are elected, consisted of the following:

Mayor	Casey McWhirt
Council Members	Dennis Weston Jim Hoag Shayne Smith Michael O'Rourke
Clerk/Treasurer	Katy Hanna

The governing board and Clerk/Treasurer for the Salina Public Works Authority are the same as the Town.

FINANCIAL HIGHLIGHTS

- The total assets of the Town for its governmental and business-type activities exceeded its liabilities as of June 30, 2021 by \$6,549,096 as reflected in Statement 1 and Table 1 in this discussion. This compares to \$6,286,313 at June 30, 2020. This excess is summarized as follows:

	<u>6/30/21</u>	<u>6/30/20</u>
Invested in capital assets, net of related debt	\$ 4,923,162	\$ 4,955,031
Restricted for debt service	93,673	81,918
Restricted for capital improvements	256,717	261,062
Restricted for specific purposes	610,863	544,286
Unrestricted	<u>664,681</u>	<u>444,016</u>
	<u>\$6,549,096</u>	<u>\$6,286,313</u>

The Town's net position for governmental funds increased \$132,852 during the current fiscal year. The main reason for the increase was an increase in total governmental revenues over the prior fiscal year.

- The Town's General Fund balance as reflected in the "Statement of Revenues, Expenditures, and Changes in Fund Balances" (Statement 4) increased \$66,275, due to an increase in General Fund total revenues.
- All other governmental funds of the Town increased \$66,577 during the current fiscal year compared to a \$124,581 increase in the prior year. (Statement 4). The County Fire Fund increased by \$61,257 and the Street and Alley Fund decreased by \$3,294.
- The net position of the Authority increased \$97,845 from \$4,319,645 to \$4,417,490 a 2.27% increase. The main reason for the increase was an increase in overall expenses. The Restricted for Capital Improvements and the Unrestricted, both of which may be expended for current operations and debt retirement collectively, increased from \$385,267 to \$515,815, an increase of \$130,548.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to the Town's basic financial statements. In accordance with Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements - and Managements' Discussion and Analysis - for State and Local Governments," ("GASB 34"), the Town's basic financial statements include three components: government-wide financial statements; fund financial statements; and notes to the basic financial statements. The major features of these financial statements are summarized as follows:

	<u>Government-wide Statements</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Scope	Entire Town government and the Town's component units	The activities of the Town that are not proprietary, such as police, fire, library, streets, etc.	Activities of the Salina Public Works Authority consisting of water, sewer and trash services
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow	All revenues and expenses during year, regardless of	Revenues for which cash is received during or soon	All revenues and expenses during year, regardless of

	<u>Government-wide Statements</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Type of inflow/ outflow	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to statements of a private-sector business.

The *statement of net position* presents information on all the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include public safety activities, streets, cemetery, library and parks activities and general government activities. The business-type activities of the Town include certain utilities.

A component unit is included in the basic financial statements and consists of a legally separate entity for which the Town is financially accountable and that has the same governing board as the Town. This blended component unit is the Salina Public Works Authority. The County Wide Fire Department Fund is also blended into the financial statements.

The government-wide financial statements can be found on Statements 1 and 2 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Town, excluding the Salina Public Works Authority, are governmental funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statements of revenues, expenditures and changes in fund balance provide a reconciliation to the government-wide financial statements in order to facilitate this comparison between governmental funds and governmental activities.

The Town maintains 6 individual governmental funds for financial reporting purposes in addition to the Countywide Fire Department Fund. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General and Fire Sales Tax Fund, which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the non major funds supplementary section of this report.

The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund in the basic financial statements.

The governmental funds financial statements can be found on Statements 3 and 4 of this report.

Proprietary funds. Proprietary funds provide the same type of information as the government-wide financial statements but in more detail. The proprietary fund financial statements provide information for the Salina Public Works Authority. The proprietary fund financial statements can be found at Statements 5, 6, and 7 of this report.

Notes to the basic financial statements. The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 24 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town and its component units, assets exceeded liabilities by \$6,549,096 at the close of the current fiscal year, up \$262,783 from the previous year. This increase was due to a decrease in total liabilities of \$247,535. Restricted net position increased by \$73,987 and unrestricted increased by \$220,665. As shown on Table 1, the largest portion of

the Town's net position, \$4,923,162 reflects its investment in capital assets less any related outstanding debt used to acquire those assets. The Town and its component unit uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate liabilities.

Included in Restricted Net position is \$350,390 that is reserved to repay the debt on capital assets and to acquire capital assets compared to \$347,980 in the prior year. The remainder of restricted assets of \$610,863 are funds required to be expended for specific purposes such as streets, fire and police.

Included in current assets for Governmental Activities is \$527,091 of cash and \$346,675 on deposit with Mayes County. Such cash is up \$160,139.

At the end of the fiscal year ended June 30, 2021, The Town reported positive balances in all three categories of net position, both for the Town as a whole, as well as for its separate governmental and business-type activities.

TABLE 1
SUMMARY OF NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current assets	\$ 1,025,222	\$ 896,897	\$ 358,361	\$ 275,282	\$ 1,383,583	\$ 1,172,179
Capital and other assets	1,131,010	1,127,997	5,863,893	6,069,467	6,994,903	7,197,464
Restricted or other assets	<u>--</u>	<u>4,220</u>	<u>350,390</u>	<u>342,980</u>	<u>350,390</u>	<u>347,200</u>
Total assets	<u>\$ 2,156,232</u>	<u>\$ 2,029,114</u>	<u>\$6,572,644</u>	<u>\$6,687,729</u>	<u>\$ 8,728,876</u>	<u>\$8,716,843</u>
Current and other liabilities	18,633	22,808	225,642	272,999	244,275	295,807
Long-term and other liabilities	<u>5,993</u>	<u>39,638</u>	<u>1,929,512</u>	<u>2,095,085</u>	<u>1,935,505</u>	<u>2,134,723</u>
Total liabilities	<u>24,626</u>	<u>62,446</u>	<u>2,155,154</u>	<u>2,368,084</u>	<u>2,179,780</u>	<u>2,430,530</u>
Net position						
Invested in capital assets,						
Net of related debt	1,115,160	1,102,571	3,808,002	3,852,460	4,923,162	4,955,031
Restricted	610,863	544,286	350,390	342,980	961,253	887,266
Unrestricted	<u>405,583</u>	<u>319,811</u>	<u>259,098</u>	<u>124,205</u>	<u>664,681</u>	<u>444,016</u>
Total net position	<u>\$2,131,606</u>	<u>\$1,966,668</u>	<u>\$4,417,490</u>	<u>\$4,319,645</u>	<u>\$6,549,096</u>	<u>\$6,286,313</u>

TABLE 2
CHANGES IN NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues						
Program revenues						
Charges for services	\$ 166,555	\$ 174,133	\$ 792,429	\$ 726,442	\$ 958,984	\$ 900,575
Operating grants and contributions	175,676	22,004	--	--	175,676	22,004
Capital grants and contributions	--	9,670	--	--	--	9,670
General revenues						
Sales tax	480,087	463,929	230,460	159,138	710,547	623,067
Other taxes	241,982	191,905	--	--	241,982	191,905
Other general revenues	<u>39,650</u>	<u>13,648</u>	<u>84,119</u>	<u>50,209</u>	<u>123,769</u>	<u>63,857</u>
Total revenues	<u>1,103,950</u>	<u>875,289</u>	<u>1,107,008</u>	<u>935,789</u>	<u>2,210,958</u>	<u>1,811,078</u>
Expenses						
Administrative and Accounting	337,183	272,385	--	--	337,183	272,385
Public safety	482,413	440,589	--	--	482,413	440,589
Street	55,310	21,726	--	--	55,310	21,726
Cultural, recreation and library	64,106	60,499	--	--	64,106	60,499
Utilities	<u>--</u>	<u>--</u>	<u>1,009,163</u>	<u>1,029,267</u>	<u>1,009,163</u>	<u>1,029,267</u>
Total expenses	<u>939,012</u>	<u>795,199</u>	<u>1,009,163</u>	<u>1,029,267</u>	<u>1,948,175</u>	<u>1,824,466</u>
Capital transfer	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Change in net position	<u>\$ 164,938</u>	<u>\$ 80,090</u>	<u>\$ 97,845</u>	<u>\$ (93,478)</u>	<u>\$ 262,783</u>	<u>\$ (13,388)</u>

Governmental Activities. Governmental activities increased the Town's fund balances by \$132,852 for the current fiscal year. This increase was due to changes in the fund balances of the various funds as follows:

General Fund	\$ 66,275
Street and Alley	(3,294)
Cemetery Fund	2,699
Volunteer Fire Fund	(2,907)
County Fire Fund	61,257
Police Donations	<u>8,822</u>
Increase in fund balances	132,852
Increase in capital assets	3,013
Decrease in long term debt	9,576
Adjustment for GASB 68	<u>19,497</u>
Increase in net position	<u>\$ 164,938</u>

Business-type Activities. Business-type activities, i.e., the Salina Public Works Authority, had an increase in net position of \$97,845 and is discussed further, later in this report.

FINANCIAL ANALYSIS OF THE TOWN'S MAJOR FUNDS

As noted earlier, the Town uses fund accounting to demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financial requirements. In particular unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$405,583, constituting 100% of the fund balance, which was \$66,275 or 19,55% more than the prior year's General Fund balance. This compares to a \$43,242 decrease in the prior year.

Various Fire Department Funds

The two fire department funds combined increased their fund balances by \$58,350.

Street and Alley Fund

The Street and Alley Fund balance decreased \$3,294 during the year. This compares to a \$45,360 gain in the prior year. Expenditures increased \$42,689 while revenues remained stable.

Although the fund has a healthy fund balance at June 30, 2021 of \$145,148, this balance will decline when extensive road work is performed.

Salina Public Works Authority

The highlights of the fiscal year ending June 30, 2021 are as follows:

- The Authority's net position increased \$97,845 during the year. A summary of the increase is as follows:

Invested in capital assets, net of related debt	\$(44,458)
Restricted	7,410
Unrestricted	<u>134,893</u>
	<u>\$ 97,845</u>

The decrease in invested in capital assets, net of related debt is further summarized below:

Expended for capital assets	\$ 45,547
Decrease in long-term debt	161,116
Depreciation	<u>(251,121)</u>
	<u>\$(44,458)</u>

The increase in restricted assets is further summarized as follows:

Restricted assets	
Restricted for debt retirement	\$ 11,755
Restricted for capital improvements	<u>(4,345)</u>
	<u>\$ 7,410</u>

The reason for the decrease in unrestricted is due to an increase in revenue of \$171,219.

GENERAL FUND BUDGETARY

A budgetary comparison schedule is included in the "Required Supplementary Information" to the financial statements.

The basis of accounting for budgetary purposes for the General Fund is the cash basis, i.e., revenues are recognized when received and expenses are recognized when paid.

The budget method authorized by Oklahoma Statute adopted by the Town for its general fund places a limit on the amount that can be budgeted. The amount to be budgeted for the next fiscal year is the unreserved fund balance at the beginning of the fiscal year plus 90% of its revenues for the year just ended.

The budgetary fund balance is reconciled to the balance sheet fund balance in the Required Supplementary Information.

Generally, the Town attempts to prepare a budget that will result in a small positive increased in the fund balance. Generally, this is accomplished by only budgeting 90% of the prior year revenues and budgeting amounts, primarily in General Government, that will not be expended.

The fund balance for budget purposes increased by \$45,757 to \$292,642.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

A summary of capital asset activity for both governmental activities and business-type activities is included in Note 3.D. to the financial statements.

Particular elements of this have already been discussed in this report.

Debt Administration

The Town's long-term debt decreased from \$25,426 at the beginning of the year to \$15,850 at the end of the year due to the retirement of \$9,576 in debt.

The Authority's long-term debt decreased \$161,116 due to regularly scheduled debt retirement.

Details concerning long-term debt notes are in Note 3.F to the financial statements.

ECONOMIC FACTORS AND NEW YEAR'S BUDGET

The Town's major governmental revenue, sales tax, increased compared to the prior year. Beginning in March, 2007, the Authority, by a vote of the people, began receiving a 1/2 cent

sales tax which was previously allocated to Street and Alley. One-half cent of the 2 1/2 cents being received by the General Fund can be allocated to other funds as determined by the Board. The 1/2 cent sales tax allocated to the Authority is to help make debt payments. Increased water and sewer rates have been approved due to debt service on new loans.

The Street and Alley Fund has a sufficient fund balance that should carry it for several years. However, new sources of revenues will have to be found to sustain it over the long run. Expenditures will increase next fiscal year for the Public Works Authority. First, it is actually unknown what the annual debt requirement will be in future years as the Authority borrowed less than the approved amount. It appears that payments for the current year were made based on the approved amount. Secondly, the PWA will have to purchase water for the entire year compared to only three months in the current year. These will be somewhat offset by a reduction in operating expenses for the water plant, which will be abandoned. It will probably be necessary for water rates to be adjusted to keep the PWA financially solid.

CONTACTING THE TOWN'S FINANCE DEPARTMENT

This managements' discussion and analysis is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions or need additional financial information, please contact the Town of Salina at (918) 434-5027.

TOWN OF SALINA, OKLAHOMA
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash, including time deposits	\$ 527,091	\$ 244,947	\$ 772,038
Deposit with county	346,679	--	346,679
Taxes receivable	112,936	--	112,936
Other receivable (net)	10,390	98,510	108,900
Due from PWA	28,126	--	28,126
Due from restricted assets	--	4,514	4,514
Miscellaneous receivable	<u>--</u>	<u>10,390</u>	<u>10,390</u>
Total current assets	<u>1,025,222</u>	<u>358,361</u>	<u>1,383,583</u>
Noncurrent assets:			
Restricted assets:			
Cash, including time deposits	--	310,127	310,127
Taxes receivable	--	41,390	41,390
Due from Town of Salina	--	3,387	3,387
Due general operations	--	(4,514)	(4,514)
Capital assets (net)	<u>1,131,010</u>	<u>5,863,893</u>	<u>6,994,903</u>
Total noncurrent assets	<u>1,131,010</u>	<u>6,214,283</u>	<u>7,345,293</u>
Total assets	<u>2,156,232</u>	<u>6,572,644</u>	<u>8,728,876</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	8,776	16,511	25,287
Accrued interest	--	17,039	17,039
Due to Town General Fund	--	31,513	31,513
Current portion of long-term debt	<u>9,857</u>	<u>160,579</u>	<u>170,436</u>
Total current liabilities	<u>18,633</u>	<u>225,642</u>	<u>244,275</u>
Noncurrent liabilities:			
Notes payable, less current portion	5,993	1,895,312	1,901,305
Payable from restricted assets			
Utility deposits	<u>--</u>	<u>34,200</u>	<u>34,200</u>
Total noncurrent liabilities	<u>5,993</u>	<u>1,929,512</u>	<u>1,935,505</u>
Total liabilities	<u>24,626</u>	<u>2,155,154</u>	<u>2,179,780</u>
NET POSITION			
Invested in capital assets, net of related debt	1,115,160	3,808,002	4,923,162
Restricted for:			
Debt service	--	93,673	93,673
Capital improvements	--	256,717	256,717
Specific purposes	610,863	--	610,863
Unrestricted	<u>405,583</u>	<u>259,098</u>	<u>664,681</u>
Total net position	<u>\$2,131,606</u>	<u>\$4,417,490</u>	<u>\$6,549,096</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF SALINA, OKLAHOMA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

		<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net Revenue (Loss)</u>
Governmental activities					
General government					
Administrative and Accounting	\$ 337,183	\$ 1,753	151,405	--	\$ (184,025)
Total general government	<u>337,183</u>	<u>1,753</u>	<u>151,405</u>	<u>--</u>	<u>(184,025)</u>
Public safety and judiciary					
Town Attorney	9,350	--	--	--	(9,350)
Police and Court	379,175	127,466	18,089	--	(233,620)
Fire	91,955	30,786	--	--	(61,169)
Emergency Management	<u>1,933</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(1,933)</u>
Total public safety and judiciary	<u>482,413</u>	<u>158,252</u>	<u>18,089</u>	<u>--</u>	<u>(306,072)</u>
Transportation					
Street	<u>55,310</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(55,310)</u>
Total transportation	<u>55,310</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(55,310)</u>
Cultural, parks and recreation					
Cemetery	8,847	6,550	4,144	--	1,845
Parks	224	--	--	--	(224)
Library	<u>55,035</u>	<u>--</u>	<u>2,038</u>	<u>--</u>	<u>(52,995)</u>
Total cultural, parks and recreation	<u>64,106</u>	<u>6,550</u>	<u>6,182</u>	<u>--</u>	<u>(51,374)</u>
Total governmental activities	<u>939,012</u>	<u>166,555</u>	<u>175,676</u>	<u>--</u>	<u>(596,781)</u>
Business-type activities:					
Water and sewer	785,457	666,396	--	--	(119,061)
Trash	99,286	126,033	--	--	26,747
Administration	<u>124,420</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(124,420)</u>
Total business-type activities	<u>1,009,163</u>	<u>792,429</u>	<u>--</u>	<u>--</u>	<u>(216,734)</u>
Total	<u>\$ 1,948,175</u>	<u>\$ 958,984</u>	<u>\$ 175,676</u>	<u>\$ --</u>	<u>\$ (813,515)</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF SALINA, OKLAHOMA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

CHANGES IN NET POSITION

	Governmental Activities	Business-type Activities	Total
Net (expense) revenue	\$(596,781)	\$(216,734)	\$(813,515)
General Revenues			
Taxes:			
Sales tax	480,087	230,460	710,547
Use tax	171,729	--	171,729
Alcohol beverage tax	20,031	--	20,031
Gasoline tax	--	--	--
Motor vehicle tax	9,721	--	9,721
Cigarette tax	5,689	--	5,689
Franchise taxes	34,812	--	34,812
Investment income	849	897	1,746
Reimbursements/asset sales	28,696	58,066	86,762
Miscellaneous	<u>10,105</u>	<u>25,156</u>	<u>35,261</u>
Total general revenues	<u>761,719</u>	<u>314,579</u>	<u>1,076,298</u>
Change in net position	<u>164,938</u>	<u>97,845</u>	<u>262,783</u>
Net position - beginning as restated for governmental	<u>1,966,668</u>	<u>4,319,645</u>	<u>6,286,313</u>
Net position - ending	<u>\$ 2,131,606</u>	<u>\$ 4,417,490</u>	<u>\$ 6,549,096</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF SALINA, OKLAHOMA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	<u>General Fund</u>	<u>County Fire Fund</u>	<u>Street and Alley Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash, including time deposits	\$ 272,887	\$ --	\$ 143,511	\$ 110,693	\$ 527,091
Deposit with County	--	346,679	--	--	346,679
Taxes receivable	102,551	8,343	2,042	--	112,936
Miscellaneous receivable	10,390	--	--	--	10,390
Due From PWA Fund	<u>28,126</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>28,126</u>
Total assets	<u>\$ 413,954</u>	<u>\$ 355,022</u>	<u>\$ 145,553</u>	<u>\$ 110,693</u>	<u>\$ 1,025,222</u>
LIABILITIES					
Accounts payable and accrued expenses	\$ 8,371	\$ --	\$ 405	\$ --	\$ 8,776
Due other funds	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total liabilities	<u>8,371</u>	<u>--</u>	<u>405</u>	<u>--</u>	<u>8,776</u>
FUND BALANCES					
Restricted	--	355,022	145,148	110,693	610,863
Unassigned	<u>405,583</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>405,583</u>
Total fund balance	<u>405,583</u>	<u>355,022</u>	<u>145,148</u>	<u>110,693</u>	<u>1,016,446</u>
Total liabilities and fund balances	<u>\$ 413,954</u>	<u>\$ 355,022</u>	<u>\$ 145,553</u>	<u>\$ 110,693</u>	

Amounts reported for governmental activities in the Statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$1,684,092

1,131,010

Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.

Capital lease obligation

(15,850)

Net position of governmental funds

\$ 2,131,606

The notes to the financial statements are an integral part of this statement.

TOWN OF SALINA, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>County Fire Fund</u>	<u>Street and Alley Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Fund</u>
REVENUES					
Sales tax	\$ 384,100	\$ 95,987	\$ --	\$ --	\$ 480,087
Other taxes	197,449	--	9,721	--	207,170
Fines and forfeits	127,466	--	--	--	127,466
Licenses and permits	1,753	--	--	--	1,753
Franchise taxes	34,812	--	--	--	34,812
Interest	332	--	377	140	849
Reimbursements	25,796	--	--	--	25,796
Grants and contributions	153,443	--	--	22,233	175,676
Sale of assets	2,900	--	--	--	2,900
Miscellaneous	<u>10,105</u>	<u>--</u>	<u>--</u>	<u>37,336</u>	<u>47,441</u>
Total revenues	<u>\$ 938,156</u>	<u>\$ 95,987</u>	<u>\$ 10,098</u>	<u>\$ 59,709</u>	<u>\$1,103,950</u>
EXPENDITURES					
Current					
General government					
Administrative and accounting	<u>328,748</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>328,748</u>
Total general government	<u>328,748</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>328,748</u>
Public safety and judiciary					
Town attorney	9,350	--	--	--	9,350
Police and court	347,365	--	--	2,781	350,146
Fire	1,560	15,597	--	15,484	32,641
Emergency Management	<u>1,933</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,933</u>
Total public safety and judiciary	<u>360,208</u>	<u>15,597</u>	<u>--</u>	<u>18,265</u>	<u>394,070</u>
Transportation					
Street	<u>690</u>	<u>--</u>	<u>46,892</u>	<u>--</u>	<u>47,582</u>
Total transportation	<u>690</u>	<u>--</u>	<u>46,892</u>	<u>--</u>	<u>47,582</u>
Cemetery	<u>--</u>	<u>--</u>	<u>--</u>	<u>8,121</u>	<u>8,121</u>
Park	<u>144</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>144</u>
Library	<u>48,450</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>48,450</u>
Debt Service					
Principal	9,576	--	--	--	9,576
Interest and other charges	<u>825</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>825</u>
Total	<u>10,401</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>10,401</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF SALINA, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>County Fire Fund</u>	<u>Street and Alley Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Capital outlay	<u>77,239</u>	<u>19,133</u>	<u>--</u>	<u>37,210</u>	<u>133,582</u>
Total expenditures	<u>825,880</u>	<u>34,730</u>	<u>46,892</u>	<u>63,596</u>	<u>971,098</u>
Excess (deficiency) of revenues over expenditures	<u>112,276</u>	<u>61,257</u>	<u>(36,794)</u>	<u>(3,887)</u>	<u>132,852</u>
Other financing sources (uses)					
Transfers in	<u>--</u>	<u>--</u>	<u>33,500</u>	<u>12,501</u>	<u>46,001</u>
Transfers out	<u>(46,001)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(46,001)</u>
Total other financing sources (uses)	<u>(46,001)</u>	<u>--</u>	<u>33,500</u>	<u>12,501</u>	<u>--</u>
Net change in fund balances	<u>66,275</u>	<u>61,257</u>	<u>(3,294)</u>	<u>8,614</u>	<u>132,852</u>
Fund balances - beginning	<u>339,308</u>	<u>293,765</u>	<u>148,442</u>	<u>102,079</u>	<u>883,594</u>
Fund balances - ending	<u>\$ 405,583</u>	<u>\$ 355,022</u>	<u>\$ 145,148</u>	<u>\$ 110,693</u>	<u>\$10,106,446</u>

Reconciliation of the change in fund balances - total government funds to the
change in net position of governmental activities

Net change in fund balances - total governmental funds \$ 132,852

Amounts reported for governmental activities in the Statement of Activities
are different because

In the Statement of Activities, the cost of pension benefits earned net of
employee contributions is reported as an element of pension expense. The
Fund Financial Statements report pension contributions as expenditures

19,497

Governmental funds report capital outlays as expenditures while governmental
activities report depreciation expense to allocate those expenditures over the life
of the assets and expenses, the book value of items deleted as a cost:

Capital asset purchases capitalized 133,581

Depreciation expense (130,568)

3,013

Repayment of debt principal is an expenditure in the governmental funds, but the
repayment reduces long-term liabilities in the Statement of Net position:

Net principal paid/borrowed 9,576

Change in net position of governmental activities \$ 164,938

The notes to the financial statements are an integral part of this statement.

**TOWN OF SALINA, OKLAHOMA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SALINA PUBLIC WORKS AUTHORITY
JUNE 30, 2021**

ASSETS

Current assets

Cash and cash equivalents	\$ 244,947
Accounts receivable	98,510
Due from restricted assets	4,514
Due from OMAG	<u>10,390</u>

Total current assets 358,361

Noncurrent assets:

Restricted assets	
Cash and cash equivalents	310,127
Due general operations	(4,514)
Due from Town of Salina	3,387
Taxes receivable	41,390
Capital assets (net)	<u>5,863,893</u>

Total noncurrent assets 6,214,283

Total assets \$6,572,644

LIABILITIES

Current liabilities

Accounts payable and accrued expenses	16,511
Due to Town General Fund	31,513
Current portion of long-term debt	160,579
Accrued interest	<u>17,039</u>

Total current liabilities 225,642

Noncurrent liabilities

Payable from restricted assets	
Utility deposits	34,200

Long-term debt

Notes payable, less current portion 1,895,312

Total noncurrent liabilities 1,929,512

Total liabilities 2,155,154

NET POSITION

Investment in capital assets, net of related debt	3,808,002
Restricted for debt retirement	93,673
Restricted for capital improvements	256,717
Retained earnings - unreserved	<u>259,098</u>

Total net position \$ 4,417,490

The notes to the financial statements are an integral part of this statement.

TOWN OF SALINA, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
SALINA PUBLIC WORKS AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Water</u>	<u>Sewer</u>	<u>Trash</u>	<u>Total</u>
Operating revenues				
Utility charges	\$ 508,726	\$ 157,670	\$ 126,033	\$ 792,429
Operating expenses				
Water purchased	202,738	--	--	202,738
Salaries and benefits	108,129	72,869	--	180,998
Repairs and supplies	21,812	8,950	--	30,762
Utilities	29,482	21,848	--	51,330
Chemicals, testing and permits	6,239	15,091	--	21,330
Vehicle expense	8,901	5,934	--	14,835
Trash service	--	--	99,286	99,286
Depreciation	<u>134,638</u>	<u>98,413</u>	<u>--</u>	<u>233,051</u>
Totals	<u>511,939</u>	<u>223,105</u>	<u>99,286</u>	<u>834,330</u>
Operating profit (loss)	<u>\$ (3,213)</u>	<u>\$ (65,435)</u>	<u>\$ 26,743</u>	<u>\$ (41,901)</u>
General Administrative				
Salaries and benefits				54,065
Legal and accounting				15,909
Utilities				1,053
Insurance				2,893
Supplies and postage				13,214
Office expense				16,333
Miscellaneous				1,417
Depreciation				18,069
Outside services				<u>1,467</u>
Total general and administrative				<u>124,420</u>
Net operating income (loss)				<u>(166,321)</u>
Nonoperating revenues (expenses)				
Interest income				897
Sale tax				230,460
Miscellaneous				239
Late fees etc.				24,917
Reimbursements – Asset sales				58,066
Interest expenses				<u>(50,413)</u>
Total				<u>264,166</u>
Net Income				97,845
Net position - beginning of year				<u>4,319,645</u>
Net position - end of year				<u>\$ 4,417,490</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF SALINA, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
SALINA PUBLIC WORKS AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2021**

Cash flows from operating activities:	
Receipts from customers	\$ 800,052
Payments to suppliers	(473,248)
Payments to employees and benefits	(284,399)
Increase (decrease) in utility deposits	(3,625)
Net cash provided (used) by operating activities	<u>38,780</u>
Cash flows from noncapital financing activities:	
Sales tax	<u>230,555</u>
Cash flows from capital and related financing activities:	
Purchases of capital assets	(45,546)
Principal paid on long-term debt	(161,116)
Interest paid	(51,972)
Insurance reimbursement/sale of assets	<u>58,066</u>
Net cash provided (used) by capital and related financing activities	<u>(200,568)</u>
Cash flows from investing activities	
Interest	<u>897</u>
Net cash provided (used) by investing activities	<u>897</u>
Net increase (decrease) in cash and cash equivalents	<u>69,664</u>
Balances - beginning of the year	<u>485,410</u>
Balances - end of the year	<u>\$ 555,074</u>
Cash, including time deposits	244,947
Restricted cash, including time deposits	<u>310,127</u>
Total cash and cash equivalents, end of year	<u>\$ 555,074</u>
<hr/>	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	(166,321)
Miscellaneous income	25,156
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Cash flows in other categories:	
Depreciation expense	251,120
Change in assets and liabilities:	
(Increase) decrease in receivables	(17,533)
Increase (decrease) in accounts payable and accrued expenses	(681)
Increase (decrease) in customer meter deposits payable	(3,625)
Increase (decrease) in due to other operations	<u>(49,336)</u>
	<u>\$ 38,780</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF SALINA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
TABLE OF CONTENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Financial Reporting Entity
- B. Basis of Presentation
- C. Measurement Focus and Basis of Accounting
- D. Assets, Liabilities, and Equity
- E. Revenues, Expenditures, and Expenses

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

- A. Fund Accounting Requirements
- B. Deposits and Investments Laws and Regulations
- C. Revenue Restrictions
- D. Debt Restrictions and Covenants
- E. Fund Equity Restrictions

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

- A. Cash and Investments
 - B. Restricted Assets
 - C. Accounts Receivable
 - D. Capital Assets
 - E. Accounts Payable
 - F. Long-term Debt
 - G. Due to/from Operating and Capital Transfers
 - H. Risk Management
 - I. Subsequent Events
 - J. Commitments and Contingent Liabilities
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TOWN OF SALINA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Salina operates under an elected Town Board of Trustees form of government. The Town's major operations include public safety (police and fire), provision and maintenance of streets and drainage, and general administrative services. In addition, the Town exercises sufficient control over another governmental agency that provides water and sewer services that is included as part of the Town's reporting entity.

The Town complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the Town the option of electing to apply FASB pronouncements issued after November 30, 1989. The Town has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note. The Town complies with the reporting requirements of GASB Statement Nos. 33 and 34 for the year ended June 30 and all other applicable GASB Statements.

1.A. FINANCIAL REPORTING ENTITY

The Town's financial reporting entity comprises the following:

Primary Government:	Town of Salina
Blended Component Units:	Salina Public Works Authority County Wide Fire Department Fund

In determining the financial reporting entity, The Town complies with the provisions of GASB Statement No. 14, "The Financial Reporting Entity," and includes all component units of which the Town appointed a voting majority of the units' board; the Town is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Unit

A blended component unit is a separate legal entity that meets the component unit criteria described above and whose governing body is the same or substantially the same as the Town Council or the component unit provides services entirely to the Town. The component unit's

funds are blended into those of the Town's by appropriate activity type to compose the primary government presentation.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the Town has no discretely presented component units.

Blended Component Unit

Component Unit	Brief Description/Inclusion Criteria	Reporting
Salina Public Works Authority	The Authority, which has the same Board Members as the Town, provides water, sewer and trash services to citizens of the Town. The Authority is dependent on the Town, as a major source of revenues is sales tax. The Town is the beneficiary of the Authority.	Proprietary
County Fire Fund	A countywide sales tax is assessed for the purpose of providing revenues to the various fire departments of Mayes County. The sales tax receipts are equally divided among the fire departments and administered by the County which maintains a fund for each fire department, including that of the Town of Salina. Purchases against the funds can only be initiated by each fire department, sometimes requiring its governing board approval.	Governmental

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The Statement of Net position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental category. The Salina Public Works Authority is the only proprietary type activity of the reporting entity and is considered a major fund. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the Town and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounting for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are either legally or council restricted to expenditures for certain purposes.

Capital Project Funds

The Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items. The Town has no capital project funds.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the Town other than debt service payments made by other funds. The Town has no debt service funds.

Proprietary Fund

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The Salina Public Works Authority is the only enterprise fund.

Major and Non major Funds

The funds are further classified as major or non major as follows:

<i>Fund</i>	<i>Brief Description</i>
-------------	--------------------------

Major:

General

See above for description

Proprietary Fund:
Salina Public Works
Authority

Accounts for activities of providing water, sewer, and trash services to the public.

Special Revenue Funds:

Street and Alley

Accounts for revenues and expenditures of maintaining, improving and extending streets and alleys.

County Fire Fund

Provides for the acquisition of assets and the operations of the fire department. Funded by a countywide sales tax.

Fund

Brief Description

Non major:

Special Revenue Funds:

Cemetery Fund
the cemetery.

Accounts for revenues and expenditures of maintaining

Volunteer Fire Fund
the expending of such funds.

Accounts for revenues raised by the volunteer firefighters and

Police Donations

Accounts for donations and grants to the police department.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net position and the Statement of Activities, both governmental and businesslike activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

The Town implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of June 30, 2005.

In the government-wide Statement of Net position and Statement of Activities, both governmental and businesslike activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Specifically, taxes received in July and August after the year end are accrued when such taxes pertain to the period being reported.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, asset acquisitions and repayment of debt are expensed and depreciation is not reflected.

Proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Budget Basis of Accounting

Formal budgetary accounting is employed as a management control for the governmental funds of the Town. Annual operating budgets are adopted only for the general fund. The basis of accounting for budgetary purposes for all funds is the modified cash basis, i.e., revenues are recognized when received and expenditures are recognized when incurred. Prior to this year, expenditures were recognized when paid. The Salina Public Works Authority also adopts a budget and revenues are recognized when earned and billed and expenditures are recognized when incurred.

The budget method authorized by Oklahoma Statute adopted by the Town for its general fund places a limit on the amount that can be budgeted. The amount to be budgeted for the next fiscal year is the unreserved fund balance at the end of the fiscal year plus 90% of its revenues for the year just ended. All unencumbered budget appropriations, except project budgets, lapse at the end of each fiscal year.

1.D. ASSETS, LIABILITIES, AND EQUITY

Cash and Investments

For the purpose of the Statement of Net position, "cash, including time deposits" includes all demand, savings accounts, and certificates of deposit of the Town. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit.

Additional cash and investment disclosures are presented in Notes 2.B. and 3.A.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received.

The Salina Public Works Authority is the only fund that has receivables that are essentially subject to bad debts. An allowance for uncollectible accounts has been established, as is more fully explained in Note 3.C. Such receivables consist of utility charges to customers.

Fixed Assets

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

The capitalization policy of the Town is to capitalize assets which are expected to last past the end of the current year with a cost of \$500 or more. The policy of the Authority was to capitalize all such assets, regardless of cost, until June 30, 2002. Beginning July 1, 2002, the policy is to capitalize those assets with a cost of \$500 or more. Beginning July 1, 2014, the policy is to capitalize those assets with a cost of \$1,000 or more.

Government-wide statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation.

The governmental funds' infrastructure assets have not been capitalized for past years, which, in accordance with GASB 34, is not required. However, the Town started capitalizing current additions to infrastructure as required.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Government</u>	<u>Proprietary</u>
Buildings	20 - 40 years	10 - 40 years
Machinery and Equipment	5 - 25 years	5 - 10 years
Utility System	--	5 - 50 years
Infrastructure	25 - 40 years	

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to charter and third party required reserves and utility meter deposits.

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes and leases payable, and customer meter deposits.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures.

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The restricted net position are funds set aside for the payment of long-term debt as required by bond indentures, funds held for utility deposits, and funds restricted for capital improvements. All are reflected in the Salina Public Works Authority.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

1.E. REVENUES, EXPENDITURES, AND EXPENSES

Sales Tax

A 4-cent sales tax is collected by the Oklahoma Tax Commission and remitted to the Town in the month following receipt by the Tax Commission. The Tax Commission receives the sales tax approximately one month after collection by vendors. Although the sales tax rate has been and continues to be four cents, a change in the allocation of one cent was approved by a vote of the people during the year. Prior to the change, the allocation of the one cent was voted on by the people every two years. The allocation of the entire four cents is now permanent. The follow reflects the allocation of the sales tax before and after the vote:

	<u>Sales Tax Receipts</u>	
	<u>Through</u>	<u>Beginning</u>
	<u>February, 2007</u>	<u>March, 2007</u>
General Fund	2.5 cents	2.5 cents
Street and Alley	.5 cents	--
Public Works Authority	<u>1.0 cents</u>	<u>1.5 cents</u>
	<u>4.0 cents</u>	<u>4.0 cents</u>

The original one cent to the Authority is for the construction of water and sewer treatment and distribution systems and/or the retirement of current debt related to such improvements. The ½ cent to the Authority is to fund the mandatory improvements to the wastewater plant and system and to service the debt to the Federal Home Administration, Rural Development necessitated by such improvements.

Use Tax

The Town levies a 4-cent use tax on personal property purchased outside the city limits but stored, used, or consumed within the city. The use tax is collected by the Oklahoma Tax Commission and remitted to the Town in the month following receipt by the Tax Commission, which is one month after the tax is received from the vendors. The use taxes are allocated entirely to the General Fund.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities:

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character	Current (further classified by function)
Debt Service	
Capital Outlay	

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

Operating/non-operating Revenues - Proprietary Funds

Operating revenues for the Authority consist only of revenues derived from the providing of utility and services to its customers. Nonoperating revenues consist of all other revenues and consist of sales tax revenues and interest earned.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the Town and its component units are subject to various federal, state, and local laws and contractual regulations. An analysis of the Town of Salina's compliance with significant laws and regulations and demonstration of its stewardship over Town resources follows.

2.A. FUND ACCOUNTING REQUIREMENTS

The Town complies with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the Town include the following:

Fund	Required By
Street and Drainage	State Law
Cemetery Fund	State Law
Public Works Authority	Trust Indenture

2.B DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U. S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A. Section 1823 (e), all financial institutions pledging collateral to the Town must have a written collateral agreement approved by the board of directors or loan committee.

2.C. REVENUE RESTRICTIONS

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<i>Revenue Source</i>	<i>Legal Restrictions of Use</i>
Sales Tax	See Note 1.E.
Gasoline Excise & Commercial Vehicle Tax	Street and Alley Purposes
Water, Sewer, and Trash Revenue	Debt Service & Utility Operations

For the year ended June 30, 2021, the Town complied, in all material respects, with these revenue restrictions.

2.D. DEBT RESTRICTIONS AND COVENANTS

General Obligation Debt

Article 10, Sections 26 and 27, for the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for nonutility or non-street purposes to no more than 10 percent of net assessed valuation. For the year ended June 30, 2021, the Town complied with this provision.

Other Long-term Debt

Except as noted in the preceding paragraph, as required by the Oklahoma State Constitution, the Town (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue without first obtaining voter approval. For the year ended June 30, 2021, the Town incurred no such indebtedness.

2.E. FUND EQUITY RESTRICTIONS

Deficit Prohibition

Title 11, Section 17-211, of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund. The Town of Salina complied with this statute in all material respects for the year ended June 30, 2021.

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3.A. CASH AND INVESTMENTS

Deposits

The Town's policies regarding deposits of cash are discussed in Note 1.E. The table presented below is designed to disclose the level of custody credit risk assumed by the Town based upon how its deposits were insured or secured with collateral at June 30, 2021. The categories of credit risk are defined as follows:

Category 1 - Insured by FDIC or collateralized with securities held by the Town (or public trust) or by its agent in its name

Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name

Category 3 - Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Town's name; or collateralized with no written or approved collateral agreement

Type of Deposits	Total Bank Balance	Category 1	Total Credit Risk 2	Category 3	Carrying Value
Demand deposits and time deposits	<u>\$1,032,165</u>	<u>\$ 523,157</u>	<u>\$ 509,008</u>	<u>\$ --</u>	<u>\$1,032,165</u>

Total Deposits

Reconciliation to Government-wide Statement of Net position:

Unrestricted cash, including time deposits	<u>722,038</u>
Restricted cash, including time deposits	<u>310,127</u>
	<u>\$1,032,165</u>

3.B. RESTRICTED NET POSITION

The following is a summary of the restricted assets, which consists of cash and short-term funds:

Reserved from retained earnings	
Capital Improvement Funds	
Sales Tax Facilities Improvement	
Cash	\$ 211,940
Taxes receivable	41,390
Due from Town of Salina	<u>3,387</u>
	<u>256,717</u>
 Reserved for utility deposits	
Cash	38,714
Less: Due general operations	<u>(4,514)</u>
Total utility deposits	<u>34,200</u>
 Debt service funds	<u>59,473</u>
 Total restricted assets	<u>\$ 350,390</u>
 Restricted for debt retirement	93,673
Restricted for capital improvements	<u>256,717</u>
	<u>\$ 350,390</u>

The source and purpose of restricted assets is as follows:

- a. The Sales Tax Facilities Improvement was created by the voters in 1980 allocating a one cent sales tax to provide revenues for the payment of costs of construction of water and sewer treatment and distribution systems, with any not necessary to same, at the discretion of the Board of Trustees, to be placed in the General Fund of the Township. Legal Counsel for the Authority has opined that these funds could be used to retire the current debt outstanding. The sales tax is currently being used to fund the retirement of debt.
- b. The Debt Service Fund is funded by the Authority on a monthly basis to accumulate the necessary funds to make semiannual payments of principal and interest on the note. Monthly funding is set by the trustee.
- c. Reserve for utility deposits - This represents deposits for utilities by customers and is not refunded until the customer no longer is receiving utilities from the Authority.

3.C. ACCOUNTS RECEIVABLE

Accounts receivable of the business-type activities consist of utilities receivable and are reported at their gross value less an allowance for doubtful accounts of \$1,000. All accounts have utility deposits with the Authority which can be applied to any unpaid balances. Management feels that such deposits will cover most accounts that might become uncollectible.

3.D. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	Balance at July 1, 2020	Additions	Transfers	Disposals	Balance at June 30, 2021
Governmental activities:					
Land	\$ 68,800	\$ --	\$ --	\$ --	\$ 68,800
Buildings	960,571	--	--	--	960,571
Machinery & equipment	1,445,434	133,581	--	(6,791)	1,572,224
Infrastructure	<u>213,507</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>213,507</u>
Totals at historical cost	<u>2,688,312</u>	<u>133,581</u>	<u>--</u>	<u>(6,791)</u>	<u>2,815,102</u>
Less accumulated depreciation					
Buildings	(425,638)	(28,142)	--	--	(453,780)
Machinery & equipment	(1,050,410)	(94,899)	--	6,791	(1,138,518)
Infrastructure	<u>(84,267)</u>	<u>(7,527)</u>	<u>--</u>	<u>--</u>	<u>(91,794)</u>
Total accumulated depreciation	<u>(1,560,315)</u>	<u>(130,568)</u>	<u>--</u>	<u>6,791</u>	<u>(1,684,092)</u>
Governmental activities capital assets, net	<u>\$ 1,127,997</u>	<u>\$ 3,013</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,131,010</u>
Business-type activities:					
Land	11,625	--	--	--	11,625
Buildings	190,814	--	--	--	190,814
Machinery & equipment	273,485	16,140	--	--	289,625
Utility property	<u>9,302,873</u>	<u>29,407</u>	<u>--</u>	<u>--</u>	<u>9,332,280</u>
Totals at historical cost	<u>9,778,797</u>	<u>45,547</u>	<u>--</u>	<u>--</u>	<u>9,824,344</u>
Less accumulated depreciation:					
Buildings	(91,469)	(4,712)	--	--	(96,181)
Machinery & equipment	(244,564)	(13,358)	--	--	(257,922)
Utility property	<u>(3,373,297)</u>	<u>(233,051)</u>	<u>--</u>	<u>--</u>	<u>(3,606,348)</u>
Total accumulated depreciation	<u>(3,709,330)</u>	<u>(251,121)</u>	<u>--</u>	<u>--</u>	<u>(3,960,451)</u>
Business-type capital assets, net	<u>\$ 6,069,467</u>	<u>\$ (205,574)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 5,863,893</u>

* Depreciation expense was charged to governmental activities as follows:

General government:	
Administrative and accounting	\$ 8,435
Total general government	<u>8,435</u>
Public safety and judiciary:	
Police	28,203
Fire	<u>78,811</u>
Total public safety and judiciary	<u>107,014</u>
Streets	<u>7,728</u>
Cultural, parks and recreation:	
Cemetery	728
Parks	80
Library	<u>6,583</u>
Total cultural, parks and recreation	<u>7,391</u>
Total depreciation expense	<u>\$ 130,568</u>

The capitalization of infrastructure is reported on a prospective basis.

3.E. ACCOUNTS PAYABLE

Payables in all funds are composed of payables to vendors only. Accrued expenses consist mainly of accrued interest for the Salina Public Works Authority.

3.F. LONG-TERM DEBT

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Governmental Activities

The following is a summary of the Town's (excluding Proprietary Funds) long-term debt transactions for the year ended June 30, 2021:

Debt outstanding, July 1, 2020	\$ 25,426
Additions	--
Retirements	<u>(9,576)</u>
Debt outstanding, June 30, 2021	<u>\$ 15,850</u>

Notes payable at June 30, 2021 for the Town of Salina consists of the following:

	<u>Total</u>	<u>Due Within One Year</u>
Lease/purchase option on patrol car payable in monthly installments of \$866.83 including 4.24% interest in the original amount of \$38,200.	<u>\$ 15,850</u>	<u>\$ 9,857</u>
Total	<u>\$ 15,850</u>	<u>\$ 9,857</u>
Less: Current portion	<u>9,857</u>	
Long-term portion	<u>\$ 5,993</u>	

Long-term debt maturities, including interest, until retired are as follows:

	<u>Principal</u>	<u>Interest</u>
Year ended June 30, 2022	\$ 9,857	\$ 545
Year ended June 30, 2023	5,993	85

Business-Type Activities

The following is a summary of the Salina Public Works Authority's long-term debt transactions for the year ended June 30, 2021.

Debt outstanding July 1, 2020	\$ 2,217,007
Additions	--
Retirements	<u>(161,116)</u>
Debt outstanding June 30, 2021	<u>\$ 2,055,891</u>

The current and long-term payments on long-term debt is as follows:

	<u>Total</u>	<u>Due Within One Year</u>
Sales tax revenue note dated September 1, 2008 in the original amount of \$1,260,000, payable in varying amounts of principal and 3.99% interest over 17 years and is secured by a mortgage on all property owned whether real, personal or mixed, which constitutes or is used in connection with the water and sanitary sewer systems and facilities of the Authority and of the Town of Salina	\$ 335,000	\$ 90,000
Note payable in the original amount of \$1,480,000, payable in semiannual payments of \$38,543.11, including 2.36% for interest and administrative fees, secured by sewer and water systems and a pledge of certain sales tax revenues	1,121,837	50,909
Note payable in semiannual payments of \$18,034.33, including 2.76% interest until September 15, 2043	<u>599,054</u>	<u>19,670</u>
Total	<u>\$ 2,055,891</u>	<u>\$ 160,579</u>
Less: Current portion	<u>160,579</u>	
	<u>\$ 1,895,312</u>	

Long-term debt maturities, including interest, until retired are as follows:

	<u>Principal</u>	<u>Interest</u>
Year ended June 30, 2022	160,579	55,045
Year ended June 30, 2023	162,334	49,698
Year ended June 30, 2024	164,133	44,308
Year ended June 30, 2025	140,977	38,873
Year ended June 30, 2026	77,868	35,287
Five year period ending June 30, 2031	419,387	146,388
Five year period ending June 30, 2036	474,260	91,514
Five year period ending June 30, 2041	374,107	32,412
Five year period ending June 30, 2044	82,246	3,310

3.G. DUE TO/FROM OPERATING TRANSFERS

The operating transfers consisted of the General Fund transferring \$12,501 to the Volunteer Fire Department and \$33,500 to Street and Alley.

3.H. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The Town purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials' liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

3.I. CONDUIT DEBT OBLIGATION

During the fiscal year 2006/07, the Town of Salina approved a resolution relating to the incurring of indebtedness by the Trustees of the Salina Educational Facilities Authority to be accomplished by the issuance of lease revenue bonds not to exceed \$2,100,000 to provide funds to Independent School District No. 16, Mayes County, Oklahoma required to construct, furnish, and equip a new elementary school; established a reserve fund, capitalize interest and pay cost of issuance and all matters related thereto, including but not limited to the waiver of competitive bidding thereof. The debt is secured by the property financed. The Town functions as a conduit for the indebtedness and is not obligated in any manner for repayment.

3.J COMMITMENTS & CONTINGENCIES

As of June 30, 2021, the following pending litigation cases existed:

Pickup et al v. District Court of Nowata County, Oklahoma, et al. based on the United States Supreme Court case *McGirt v. Oklahoma*. Defendants are seeing to damages for paying fines in Municipal Court.

Jan First v. Justin Hockett, John Pearson and City of Salina. This is a civil rights lawsuit against Town of Salina and several of its previous police officers. The potential impact expected is minimal at best.

Oklahoma State Court: Mayes County CJ-2003-30. This lawsuit is seeking relief from Town of Salina attempting to annex areas to the West of Lake Hudson. The litigation has been pending without action for years and is not expected to impact Salina negatively.

As of September 30, 2022, there were no other pending commitments and contingencies to be disclosed.

3.K. SUBSEQUENT EVENTS

In March 2021, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on future contributions, revenue, and investment income of the Organization. The occurrence and extent of such an impact will depend on future developments, including

(i) The duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

The total financial impact of COVID-19 on the Organization cannot be determined at this time.

There were no other subsequent events to disclose as of September 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB, but are considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedules - General Fund

TOWN OF SALINA, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2021
(UNAUDITED)

	Budgeted Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	Final Budget Positive (Negative)
Beginning budgetary fund balance	\$ 310,253	\$ 310,253	\$ 307,569	\$ (2,684)
Resources (inflows)				
Taxes				
Franchise taxes	31,203	31,203	32,316	1,113
Use tax	93,374	93,374	119,447	26,073
Sales tax	<u>256,641</u>	<u>256,641</u>	<u>358,585</u>	<u>101,944</u>
Total taxes	<u>381,218</u>	<u>381,218</u>	<u>510,348</u>	<u>129,130</u>
Intergovernmental				
Alcoholic beverage tax	12,916	12,916	18,266	5,350
Cigarette tax	<u>3,308</u>	<u>3,308</u>	<u>4,726</u>	<u>1,418</u>
Total intergovernmental	<u>16,224</u>	<u>16,224</u>	<u>22,992</u>	<u>6,768</u>
Fines and forfeitures				
Police fines	<u>120,389</u>	<u>120,389</u>	<u>150,533</u>	<u>30,144</u>
Total fines and forfeitures	<u>120,389</u>	<u>120,389</u>	<u>150,533</u>	<u>30,144</u>
Licenses and permits				
Various permits	<u>2,866</u>	<u>2,866</u>	<u>6,009</u>	<u>3,143</u>
Total licenses and permits	<u>2,866</u>	<u>2,866</u>	<u>6,009</u>	<u>3,143</u>
Investment income	<u>810</u>	<u>810</u>	<u>885</u>	<u>75</u>
Miscellaneous				
Miscellaneous	21,336	21,336	15,231	(6,105)
Grants	<u>2,053</u>	<u>2,053</u>	<u>1,852</u>	<u>(201)</u>
Total miscellaneous	<u>23,389</u>	<u>23,389</u>	<u>17,083</u>	<u>(6,306)</u>
Amounts available for appropriation	<u>855,149</u>	<u>855,149</u>	<u>1,015,419</u>	<u>160,270</u>
Charges to appropriations (outflows)				
Personal services	365,467	465,467	253,726	211,741
Maintenance and operation	293,542	333,542	461,586	(128,044)
Capital outlay	<u>196,140</u>	<u>56,140</u>	<u>53,222</u>	<u>2,918</u>
Total	<u>855,149</u>	<u>855,149</u>	<u>768,534</u>	<u>86,615</u>
Ending Budgetary Fund Balances	\$ --	\$ --	\$ 246,885	\$ 246,885
Adjustments to reconcile to balance sheet				
Taxes Receivable			91,326	
Miscellaneous receivable			<u>1,097</u>	
Fund Balance			<u>\$ 339,308</u>	

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Combining Statements - Nonmajor governmental funds

**TOWN OF SALINA, OKLAHOMA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

	<u>Cemetery Fund</u>	<u>Volunteer Fire Fund</u>	<u>Police Donations Fund</u>	<u>Total</u>
ASSETS				
Cash, including time deposits	<u>\$ 42,344</u>	<u>\$ 43,306</u>	<u>\$ 25,043</u>	<u>\$ 110,693</u>
	<u>\$ 42,344</u>	<u>\$ 43,306</u>	<u>\$ 25,043</u>	<u>\$ 110,693</u>
LIABILITIES				
Accounts payable	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total liabilities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
FUND BALANCES				
Restricted	<u>42,344</u>	<u>43,306</u>	<u>25,043</u>	<u>110,693</u>
Total fund balances	<u>42,344</u>	<u>43,306</u>	<u>25,043</u>	<u>110,693</u>
Total liabilities and fund balances	<u>\$ 42,344</u>	<u>\$ 43,306</u>	<u>\$ 25,043</u>	<u>\$ 110,693</u>

**TOWN OF SALINA, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021**

	<u>Cemetery Fund</u>	<u>Volunteer Fire Fund</u>	<u>Police Donations Fund</u>	<u>Total</u>
Revenues				
Grants and contributions	\$ 4,144	\$ --	\$ 18,089	\$ 22,233
Interest	126	--	14	140
Miscellaneous	<u>6,550</u>	<u>30,786</u>	<u>--</u>	<u>37,336</u>
Total revenues	<u>10,820</u>	<u>30,786</u>	<u>18,103</u>	<u>59,709</u>
Expenditures				
Police	--	--	2,781	2,781
Cemetery	8,121	--	--	8,121
Fire	--	15,484	--	15,484
Capital outlay	<u>--</u>	<u>30,710</u>	<u>6,500</u>	<u>37,210</u>
Total expenditures	<u>8,121</u>	<u>46,194</u>	<u>9,281</u>	<u>63,596</u>
Excess (deficiency) of revenues over expenditures	<u>2,699</u>	<u>(15,408)</u>	<u>8,822</u>	<u>(3,887)</u>
Other Financing Sources (Uses)				
Transfers in (out)	<u>--</u>	<u>12,501</u>	<u>--</u>	<u>12,501</u>
Net Change in Fund balances	2,699	(2,907)	8,822	8,614
Fund balances - Beginning of Year	<u>39,645</u>	<u>46,213</u>	<u>16,221</u>	<u>102,079</u>
Fund Balances - End of Year	<u>\$ 42,344</u>	<u>\$ 43,306</u>	<u>\$ 25,043</u>	<u>\$ 110,693</u>



Report on Internal Control Over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

Board of Trustees
Town of Salina

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Town of Salina, as of and for the year ended June 30, 2021, which collectively comprise the Town of Salina's basic financial statements and have issued our report thereon dated September 30, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Salina internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Salina's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Salina's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies in the internal control that is less severe than a material weakness, yet important enough to merit attention by those charged by governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Salina financial statements are free of material misstatement, we performed tests of the compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hood & Associates, CPAs, P.C.

Hood & Associates CPAs, PC

September 30, 2022

Town of Salina
Schedule of Findings and Results - Current Year
For the Year Ended June 30, 2021

There were no significant audit findings noted during the audit performed for the fiscal year ended June 30, 2021.

Town of Salina
Schedule of Findings and Results - Prior Year
For the Year Ended June 30, 2021

There were no significant audit findings noted during the audit performed for the fiscal year ended June 30, 2020.